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UNCLAS SECTION 01 OF 02 ACCRA 002213

SIPDIS

STATE PASS OPIC

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SUBJECT: GHANA: FINAL PARLIAMENT ACTION IN 2004

REF: ACCRA 02044

1. This cable highlights significant legislation that passed Parliament during its October 5 - November 4 session and follows up on bills of particular US interest, as highlighted Reftel.

2. In its final session of 2004, Parliament ratified the OPIC-Ghana Investment Incentives Agreement, passed the agreement to purchase VALCO from Kaiser Aluminum, and approved a new civil aviation law and enabling legislation for the West Africa Gas Pipeline (WAGP). Econoffs pushed extremely hard for passage of these four items during early October meetings with Parliamentary leaders (see reftel). (Note: The Minister of Parliamentary Affairs told the Ambassador that he appreciated the nudge from the Embassy on these matters.) Parliament also passed the Venture Capital and Long Term Savings bills, both priorities for President Kufuor and his administration.

3. Parliament ratified the OPIC Investment Incentive Agreement between Ghana and the U.S. on October 19. This agreement, which was signed in 1999 but never ratified, replaces the 1967 OPIC-Ghana agreement. The new agreement will remove the lengthy GoG approval process that currently delays approval of OPIC projects by months, OPIC will now be allowed to operate in Ghana's private sector without prior GoG approval of individual projects.

4. Parliament passed the Civil Aviation Authority Bill on October 28. This replaces the 1996 civil law and will ensure Ghana's compliance with obligations under the International Civil Aviation Organization (ICAO). The new law also strengthens the regulatory powers of the Director General of the Ghana Civil Aviation Authority (GCAA). (Note: Econoffs stressed to leading Members of Parliament that this bill was critical for Ghana to stand a chance of retaining Category One status during the FAA safety reassessment later this year. End Note)

5. Following strong lobbying by Finance Ministry, Attorney General's office, Kaiser Aluminum officials and Econoffs, Parliament approved the VALCO Purchase Agreement on October 28. This agreement completes the GoG's purchase of 90 percent of the issued shares of Volta Aluminum Company Ltd held by Kaiser Aluminum for USD 18.5 million (see septel). There was some concern that Parliament's minority parties -- mainly the NDC -- would not support the agreement because the GoG had previously made a payment of USD 5 million to Kaiser without prior Parliamentary approval. However, the Attorney General's strong support for the agreement during several extraordinary meetings with the Finance and Trade and Industry Committees overcame any opposition. The result was that the minority parties overwhelmingly supported the agreement and it passed with 120 votes in favor and only one vote against.

6. Parliament passed the WAGP Bill on November 3. This bill incorporates into Ghana's domestic laws the provisions of the West African Gas Pipeline Treaty between Ghana, Benin, Nigeria and Togo, which Ghana ratified in June 2004. Parliament also approved a USD 40 million loan agreement between Ghana and Nigeria to help Ghana fund its 16.3 percent equity stake in the West Africa Pipeline Company (WAPCo). Both actions were critical for WAPCo to achieve final investment decision for the pipeline by the end of November.

7. Parliament also passed the Long Term Savings Bill on October 28 and the Venture Capital Bill on November 3. President Kufuor and Cabinet Ministers publicly stated that these two bills were their top priorities for this session of Parliament.

8. The Venture Capital Bill requires the establishment of a Venture Capital Trust Fund, which will make capital investments in small and medium scale enterprises and promote the development of a venture capital industry in Ghana. The GoG intends to finance the Trust Fund using approximately 20 to 25 percent of National Reconstruction Levy.

9. The Long-term Savings Bill passed allows for the formation of tax-deductible savings schemes to serve as a supplementary savings for retirements, home ownership and education. Employers may also make use of the fund to arrange pension

funds for employees.

110. Comment: Minister of Parliament Owusu-Agyapong told Econ and Poloffs on October 5 that there was little chance Parliament would have time to cover its ambitious workplan. This was an abbreviated, last session before the December 7 elections and Owusu-Agyapong doubted his ability to maintain a quorum, with most MPs out on the road campaigning. That Parliament cleared its entire docket is a testament to how much it has improved as an institution. That Owusu-Agyapong reoriented the schedule to emphasize the four items of interest to the U.S. is an indication of the willingness of Ghanaian government entities to cooperate with the U.S. It also is an indication of the strong influence in Parliament wielded by the Executive Branch. End Comment
YATES